

ASSEMBLY BILL

No. 2474

Introduced by Committee on Public Employees, Retirement and Social Security (Bonta (Chair), Rendon, Ridley-Thomas, and Wieckowski)

February 21, 2014

An act to amend Sections 31462.2, 31781.3, 31781.31, and 31787.6 of the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2474, as introduced, Committee on Public Employees, Retirement and Social Security. Final compensation: death benefits.

The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees and their beneficiaries. The CERL provides for a defined retirement benefit based upon credited service, final compensation, and age at retirement subject to specified formulas relating to membership classification.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, including county and district retirement systems created pursuant to CERL, to modify its pension plan or plans to comply with the act and, among other provisions, establishes new limits of pensionable compensation that may not be exceeded whenever pensionable compensation is used in the calculation of a benefit. PEPRA defines pensionable compensation for purposes of its provisions.

This bill would clarify that the definition of final compensation for members whose services is on a tenure that is temporary, seasonal,

intermittent, or part time in the CERL, as described, also applies to those members meeting the same service criteria who are subject to PEPRA.

The CERL provides that the surviving spouses of members who die in service after a specified number of years of service or as a result of service-connected injury or disease may elect a benefit calculated using the annual compensation earned by the deceased in lieu of a death benefit or life annuity.

This bill would instead require that benefit to be calculated using the pensionable compensation earned by the deceased member, if that member was subject to PEPRA.

The CERL provides that a surviving spouse of a safety member who is killed in the performance of duty or who dies as the result of an accident or injury caused by external violence or physical force incurred in the performance of his or her duty be paid a one-time lump-sum benefit calculated using the annual compensation earnable by the deceased.

This bill would instead require that benefit to be calculated using the pensionable compensation earned by the deceased member, if that member was subject to PEPRA.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31462.2 of the Government Code is
- 2 amended to read:
- 3 31462.2. (a) "Final compensation" for members whose service
- 4 is on a tenure that is temporary, seasonal, intermittent, or for part
- 5 time only means one-third of the total compensation earned for
- 6 that period of time during which the member rendered the
- 7 equivalent of three years of full-time service.
- 8 (b) The member may elect at or before the time he or she files
- 9 an application for retirement the period of time during which he
- 10 or she has earned three full years of credit upon which final
- 11 compensation shall be calculated. If he or she does not so elect,
- 12 ~~such~~ *that* period of time immediately preceding his or her
- 13 retirement shall be used.
- 14 (c) This section *also* applies to a member meeting the conditions
- 15 specified in subdivision (a), whose service is described in

subdivision (a), and who is subject to the California Public Employees' Pension Reform Act of 2013 (*Article 4 (commencing with Section 7522) of Chapter 21 of Division 7 of Title 1*).

SEC. 2. Section 31781.3 of the Government Code is amended to read:

31781.3. The surviving spouse of a member who dies in service after five years of service or as a result of service-connected injury or disease may elect, in lieu of the death benefit in Section 31781 or the life annuity provided in Section 31781.1 or 31787, the following combined benefit: *benefit that is the sum of both of the following:*

(a) An amount, provided from contributions by the county or district, equal to one-twelfth of the annual compensation earnable *or pensionable compensation as defined in Section 7522.34, whichever is applicable*, by the deceased during the 12 months immediately preceding his *or her* death, multiplied by the number of completed years of service under the system, but not to exceed 50 percent of such annual compensation, ~~plus that compensation.~~

(b) A monthly allowance as provided in Section 31781.1 or 31787 reduced by a monthly amount which is the actuarial equivalent of the amount in subdivision (a) as applied to the life of the surviving spouse.

SEC. 3. Section 31781.31 of the Government Code is amended to read:

31781.31. Notwithstanding Sections 31781.1 and 31781.3, the surviving spouse of a member subject to Section 31751 who dies in service after 10 years of service, or as a result of service-connected injury or disease, may elect, in lieu of the life annuity provided in Section 31765.11 or the death benefit provided in Section 31781.01, the following combined benefit: *benefit that is the sum of both of the following:*

(a) An amount, provided from contributions by the county or district, equal to one-twelfth of the annual compensation earnable *or pensionable compensation as defined in Section 7522.34, whichever is applicable*, by the deceased during the 12 months immediately preceding his *or her* death, multiplied by the number of completed years of service under the system, but not to exceed 50 percent of such annual compensation, ~~plus that compensation.~~

(b) A monthly allowance as provided in Section 31765.11 reduced by a monthly amount which is the actuarial equivalent of

1 the amount in subdivision (a) as applied to the life of the surviving
2 spouse.

3 SEC. 4. Section 31787.6 of the Government Code is amended
4 to read:

5 31787.6. A surviving spouse of a safety member who is killed
6 in the performance of duty or who dies as the result of an accident
7 or injury caused by external violence or physical force, incurred
8 in the performance of his or her duty, shall be paid the following
9 amount in addition to all other benefits provided by this chapter:

10 A one-time lump-sum benefit equal to an amount, provided from
11 contributions by the county or district, equal to the annual
12 compensation earnable, *or the pensionable compensation for a*
13 *member who is subject to the California Public Employees'*
14 *Pension Reform Act of 2013 (Article 4 (commencing with Section*
15 *7522) of Chapter 21 of Division 7 of Title 1),* by the deceased at
16 his or her monthly rate of compensation at the time of his or her
17 death.

18 This section is not applicable to members described in Section
19 31469.2.